



U. S. Department of Justice

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July 8, 2004

**RE: Federal Investigation of
Tri-Star Investment Group, LLC
[USAO #2000R00568]**

Dear Sir/Madam:

In response to numerous inquiries, this letter attempts to explain how restitution for the victims was calculated for purposes of the Judgment and Commitment Orders for Jackie Dobson Pritchett and J. Charles Reives. In order to understand the restitution numbers, it is important for you to understand the nature of the fraud scheme in which you were involved.

Tri-Star Investment Group, LLC was, in essence, a ponzi scheme. As set forth on page 8 of Louis Lazorwitz's Criminal Information (another copy of which is enclosed herein):

Defendant LAZORWITZ and his co-conspirators implemented a "ponzi" scheme, in which they paid investors a "return" on their investments from the funds which those and other investors had invested, and intended to mislead them into believing that their investments were profitable, at a time when they knew that no return on the investments was in fact being generated from any trading program.

Therefore, victims who received any monies from the scheme, whether classified as "profits" or "commissions," were actually receiving monies stolen from other victims.

Accordingly, in calculating restitution for sentencing purposes, this office reviewed the accounts of each person who responded to the original questionnaires mailed in the Spring/Early Summer of 2003. Any alleged "profits" or "commissions" were subtracted from the total amount invested, as such monies were actually stolen from others. If there remained a positive balance, that number was submitted as restitution due and owing. For example, if you invested \$10,000, and withdrew no money during the scheme, you should be listed as being owed \$10,000 in restitution. If, however, you invested \$10,000, and withdrew \$12,000 via your credit card or otherwise received "commissions" or "profits" in excess of your total investment, then you will not be listed as a victim to whom restitution is due.

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You, and hundreds others like you, were victims of financial fraud. While you will be listed to receive restitution in an effort to make you whole, you will not receive restitution for any promises of 20% returns on your investments or for any alleged "commissions." This fraud scheme generated no returns on any investments.

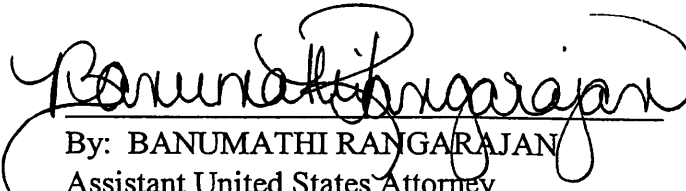
Again, the government listed only victims who responded to the questionnaire and for whom restitution was, in fact, due and owing. If, after reviewing the foregoing, you still believe that you are entitled to restitution, please call the toll-free number listed below and leave a message. Given the large number of victims in this case, it is possible that one or more victims were inadvertently omitted from the submission to the Court. Every effort will be made to rectify such omission.

Finally, enclosed please find the plea agreement for Louis Michael Lazorwitz. On Monday, June 21, 2004, Lazorwitz pled guilty to a three-count Criminal Information charging him with: (1) conspiracy to commit mail fraud, wire fraud, and securities fraud; (2) securities fraud and aiding and abetting the same; and (3) conspiracy to commit money laundering. His sentence date is tentatively set for September 20, 2004.

This office understands that you have waited several years for this investigation and prosecution, and appreciates your continued patience. If you have any further questions, you may call our toll-free number set up for this case, 1-877-847-0947 and leave a message with the (1) date and time of your call, (2) your name, (3) phone number, and (4) any detailed questions. A member of the investigation/prosecution team will make every effort to return your call within 24-48 hours. **Please note that given the large number of victims in this case it may take up to a week or more to respond to an inquiry. Every effort, however, will be made to return calls as soon as possible.**

Sincerely,

FRANK D. WHITNEY
United States Attorney



By: BANUMATHI RANGARAJAN
Assistant United States Attorney
Criminal Division

Enclosures